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C O N F I D E N T I A L SECTION 01 OF 02 BAKU 000457

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SUBJECT: AZERBAIJAN: STAFFDEL DISCUSS GEORGIAN PRESIDENT
SAAKISHVILI VISIT

Classified By: Ambassador Anne E. Derse
for reasons 1.4 (b) and (d).

¶1. (C) SUMMARY: On May 28 Congressional Staff Delegation Markovsky and Katz met with Georgian Ambassador Nikoloz Natbiladze. Natbiladze gave a detailed account of the 20 May visit of Georgian President Mikheil Saakashvili to Baku. The recent visit was characterized as a great success with both political and economic discussions. Natbiladze said he was not present for all the talks, however, the majority of the conversations centered around economic cooperation. Following the recent meetings, the relationship between Georgia and Azerbaijan seemed closer than ever. To this end, Aliyev said that Georgia and Azerbaijan were a defacto federation because &without Georgia there was no Azerbaijan, and without Azerbaijan there was no Georgia.8 MFA officials later confirmed the success of the visit, though in less emphatic terms. END SUMMARY.

¶2. (C) On May 28 the Ambassador hosted a dinner for visiting congressional staff delegation Alan Makovsky and Jonathan Katz with Ambassador of the Embassy of Georgia, Nikoloz Natbiladze, Ambassador of Israel Arthur Lenk, and DAS Bryza. Although the conversation revolved around the Nagorno-Karabakh situation, Natbiladze gave a brief update on the 20 May visit of Georgian President Mikheil Saakashvili to Baku. He characterized the meetings as a large success, whereby the relationship between Azerbaijan and Georgia seemed closer than ever. The majority of the discussions revolved around economic cooperation between the two countries. Natbiladze said he and the Government of Georgia (GOG) hoped that Azerbaijan and Georgia would begin to act as one unit in the Caucasus, while Aliyev told Saakashvili that he believed that &if there were no Georgia, there would be no Azerbaijan8 and &if there were no Azerbaijan, there would be no Georgia8.

¶3. (C) Economic cooperation decisions were discussed on many projects that both governments thought would bring further stability to the region. For example, in an effort to give Georgia more energy stability, GOG and GOAJ agreed to build a natural gas depot in Georgia. Azerbaijan would construct the depot, and Georgia could use it to store winter gas supplies. Natbiladze underscored that such cooperation with Azerbaijan was not new to Georgia, as Azerbaijan had always assisted Georgia in its times of need. He further explained that Azerbaijan made a decision to make Georgia energy independent. The Azerbaijani State Owned Oil Company, SOCAR, and the Ministry of Energy, were spearheading this project on behalf of GOAJ. Natbiladze made it a point to say that all state owned gas contracts were with Azerbaijani companies, and not with Russian companies. In an effort to give a more clear picture to the Staff Delegation, DAS pointed out that a substantial portion of the commercial gas contracts were, in

fact, coming from Russian companies; however DAS Bryza reiterated that the construction of a gas depot was a huge success for both Azerbaijan and Georgia.

¶4. (C) In another step to provide Georgia with greater energy independence, the Presidents of Georgia and Azerbaijan agreed to the construction of new 500 kilowatt high voltage transmission lines through Georgia, Azerbaijan and Turkey. Natbiladze thought that construction should begin in September 2009. These transmission lines were to bring a greater capability to export electricity to Turkey from both Azerbaijan and Georgia.

¶5. (C) On the political side, the two delegations discussed the chairmanship of the GUAM Organization for Democracy and Economic Development. Natbiladze said that GOG expected to receive a letter from the Government of Moldova (GOM) declining the GUAM chairmanship for 2010. Natbiladze thought that the letter would either request that Georgia continue as chairman or to skip GOM altogether, and give the chairmanship to Ukraine. Although the GOG had no indication that GOM intended to pull out of the organization, it was clear that they did not want the Chairmanship. Natbiladze hypothesized that this was the result of pressure by Russia.

COMMENT

¶6. (C) Natbiladze and the GOG were extremely pleased with the results of the 20 May visit of President Saakashvili. The relationship between Azerbaijan and Georgia seemed closer than ever. The greatest achievement during these meetings

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was the recognition of the importance of helping one another create greater stability in the Caucasus region. The construction of a gas depot is a concrete step that should bring greater energy independence to the Caucasus. MFA First Territorial Department Head Rahman Mustafayev subsequently confirmed the success of the visit, though in less emphatic terms, noting the key linkage of Azerbaijan and Georgia in the Caspian-Black Sea corridor, which serves as a lifeline for Azerbaijan's energy exports and imports of capital and consumer goods and food.

DERSE